



U.S. Department of Justice

*United States Attorney
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March 30, 2004

NEWS SUMMARY: Guilty Plea Entered on Tax Charges

United States Attorney's Office announced today that Adrian K. Karsten of Green Lake, Wisconsin, pleaded guilty on March 29, 2005 in federal court before U.S. District Judge J.P. Stadtmueller to two counts of failing to file federal income tax returns for the years 2000 and 2002 based on gross income of \$139,792 and \$223,180 respectively.

Karsten was charged in a four-count information filed on January 3, 2005, which alleged that he willfully failed to file income tax returns for the years 1999 through 2002.

As part of the plea agreement, Karsten admitted that during the years 1999 through 2002, he worked for ESPN as an independent contractor. As a result, ESPN did not withhold payroll taxes from Karsten's compensation. Instead, at the end of the year, ESPN provided Karsten with a Form 1099 summarizing his income for the year. As confirmed by these Forms 1099, Karsten received compensation and reimbursed expenses from ESPN during the years 1999 through 2002 totaling over \$607,000.

Based on his receipt of this income, Karsten was obligated to file federal income tax returns for each of the years 1999, 2000, 2001 and 2002. Despite this obligation, Karsten did not file a federal income tax return for any of these years. Karsten however, did submit to the IRS requests to extend the time for filing his tax returns for each of the years 1999 through 2002. Again, despite applying for and obtaining extensions, Karsten never filed returns for these years. The IRS has calculated that, based on the income he received during the years 1999 through 2002, he owed federal income taxes to the United States for these years totaling approximately \$167,000.

A sentencing date was set for July 8, 2005. Each count of failure to file carries a maximum term of one year in prison and a fine of \$100,000.

This case was investigated by the Internal Revenue Service, Criminal Investigation Division, and prosecuted by Assistant United States Attorney Matthew Jacobs, Eastern District of Wisconsin, United States Attorney's Office.

Copies of the plea agreement are available in the Clerk of Courts office of the Federal Courthouse.

For more information contact:

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